

## Public sector to take hit if NBA fails to strike deal

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American Airlines Arena  
Photo by J. Albert Diaz

By now, downtown Miami should be bursting with activity on nights when LeBron James, Dwyane Wade and Chris Bosh and the Miami Heat take to the hardwood.

Restaurants and bars near American Airlines Arena would be full, and hotels in the area would be welcoming fans of visiting teams traveling to see the Big Three in action against their squad.

But the arena is now mostly silent, due to a labor dispute between National Basketball Association owners and players that could wipe out the Heat's 2011-2012 season.

Not only will the glitzy eateries and pubs take a financial hit from canceled games — perhaps an entire season's worth — but the public sector will

also suffer from a drop of parking fees, hotel taxes and other revenue.

"Obviously this is having a significant economic impact with repercussions for Miami-Dade County," said Bruce Bennett, director of government relations at the Miami-based law firm Pathman Lewis and a board member at the local economic development organization, The Beacon Council.

"Specifically the restaurants, bars and condo rental units are hurt by this lockout," Bennett said. "One of the more troubling aspects is how many parking attendants and local vendors" would suffer from a lost season.

Nearly 25 percent of the NBA season has already been canceled, and an additional loss of games seems imminent.

### Parking Authority Impact

While economists determine the impact of a lost season on the private sector, government agencies like the Miami Parking Authority, which operates about 30 parking lots and garages in Miami's central business district, are bracing for a modest, yet painful, financial hit as thousands of fans with cars stay home.

The parking authority had just signed a deal with the Miami Heat to provide parking for team employees at its 40 NW Third St. garage, according to CEO Art Noriega. The Heat would have paid \$10,000 a month to the authority, an agency of the city of Miami.

The parking authority, like other garage and parking lot operators, benefits from being able to charge flat parking rates instead of hourly prices during Heat games. It also offers Heat fans a \$1,510 season

parking pass for its surface lot immediately south of the arena and a \$620 season pass for its 190 NE Third St. garage.

The authority would suffer an estimated loss of \$450,000 in revenue if no Heat basketball is played this season, Noriega said. That's a small slice of the agency's \$26 million in annual revenue, but "it is a big number."

"It's significant enough that we're all going to feel pain a little bit," Noriega said. "At this point we're trying to stay as optimistic as possible. There's not much we can do about it."

The absence of Heat games would also keep off-duty authority employees from picking up "special duty" work during the season, he said. While not considered overtime, the extra hours provided much-needed income for both full-time and part-time staffers.

The authority is not planning on reducing staff or making budget cuts to make up for the anticipated shortfall, Noriega said.

"It's all ancillary revenue, so we don't substitute it with anything else," he said.

A Miami Heat spokesman declined to comment on any issues pertaining to the labor dispute, citing NBA policy.

## **LOST COUNTY TAXES**

Miami-Dade County is likely to take a short-term loss on Convention Development Tax and Tourist Development Tax revenues.

If the Heat's full regular season home schedule of 41 games is canceled, the county would lose between \$492,000 and \$738,000 in hotel and tourist taxes, according to the county Tax Collector's Division. That is based on an estimated \$8.2 million to \$12.3 million in revenue local hotels will lose because of the season-long absence of thousands of out-of-town fans.

The loss would only represent about 1 percent of the county's \$48 million in overall convention and tourism tax collections between December and May, which accounts for most of the basketball season, according to the division.

Ironically, the Heat's existing lease to operate American Airlines Arena on Miami-Dade County-owned land — an agreement that has been blasted as too favorable to the team — will keep the county from dealing with a larger potential loss from the halt in games. The lease, negotiated in 1997 during the tenure of former Miami-Dade Mayor Alex Penelas, calls for the Heat to pay the county 40 percent of its annual profits from the arena. That threshold has never been met, so the county has not received a cent in revenue in the 14 years since the deal was signed, according to a county spokeswoman.

The current Miami-Dade administration has no plans to revisit the county's agreement with the Heat, the spokeswoman said. The lease does not include any provisions regarding an NBA work stoppage because other events, including concerts, are still being held at the arena.

### 'Further Flux'

For downtown Miami business owners and retailers, a full season without Heat basketball "just puts further flux" on the area, which is set for major development projects over the next several years, according to Michael Comras, a retail specialist and founder and chief executive of Miami Beach-based Comras Co.

Heat games gave newer businesses in the area an opportunity to attract customers through basketball-themed promotions, according to Alyce Robertson, executive director of the Miami Downtown Development Authority. In the past two years, about 200 businesses opened within the business district, which includes the Brickell Avenue area.

Last season, the authority launched "Game On," a partnership with some restaurants in which the authority would promote specials and discounts available on Heat game nights. The DDA also helped the team coordinate street viewing parties during some of the Heat's postseason road games. Those parties were frequently shown on television during the games.

"Downtown Miami has grown up a lot in the last five years," Robertson said. "While restaurants and retailers are busy, they are not as busy as they would have been" if the Heat's season was in full swing.

Condos constructed during the real estate boom have filled up with owners and renters who patronize local shops and restaurants.

The newcomers will help blunt the impact of a lost basketball season, but many retailers still may not generate enough income to stick around until more commercial projects are built, including Genting Group's Resorts World Miami mega-mixed use project proposed for a few blocks north of the arena.

"All these businesses opened up with hope for a successful basketball season," Comras said. "People invested tremendous money in their restaurants, and landlords sitting with vacant space are suffering. It's not all based on basketball ... [but] this is another bump in the road."